

ISSUE DATE: December 22, 1997

DOCKET NO. P-551/CP-97-1378

ORDER REQUIRING THE FILING OF COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
Gregory Scott
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of an Extended Area Service
Petition among the Exchanges of Clinton,
Graceville and Beardsley

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PROCEDURAL HISTORY

On September 12, 1997, customers in the Clinton, Graceville, and Beardsley exchanges filed for extended area service (EAS) among the exchanges. The petition conforms to the filing requirements of Minnesota Session Laws, Ch. 59 (the law providing for EAS among exchanges in consolidated school districts). Although Clinton and Graceville form Independent School District #55 and Beardsley is Independent School District #57, most of Beardsley's junior high and high school students attend school in the Clinton/Graceville district. The three exchanges thus constitute a consolidated school district.

Clinton, Graceville, and Beardsley are adjacent to one another. PTI Communications (PTI) serves all three exchanges.

On December 9, 1997, the petition came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

I. THE SCHOOL DISTRICT EXTENDED AREA SERVICE LAW

The Minnesota legislature passed the school district EAS legislation "in order to facilitate communication among school district and charter school parents, teachers, students, and school administrators in the geographic region of combined school districts." Minn. Session Laws (1997), Ch. 59, section 1, subdivision 1. The law allows an organization of customers residing within a combined school district, or the school district administration itself, to petition for EAS among the school district constituent communities.

Under the school district EAS law, the petition must be signed by 15 percent of the customers of each exchange included in the proposed EAS area, or by 600 customers of each exchange, whichever is less.

The law requires the Commission to grant the petition when the following criteria are met:

1. At least ten percent of the customers of each local exchange identified in the petition are

also residents of the combined school district.

2. Each local exchange identified in the petition is contiguous to another exchange identified in the petition.
3. A majority of the customers in each of the local exchanges identified in the petition favor extended area service.

Unlike “traditional” EAS law, the school district EAS law does not require a minimum traffic volume among the exchanges. Neither does the new law require that each petitioning local exchange be adjacent to each local exchange or local calling area with which extended service is sought. Adjacency to another exchange identified in the petition is sufficient.

The school district EAS law requires the Commission to order a traffic study between the exchanges, unless an equally reliable traffic study is presently available. The traffic study will be used in the calculation of costs and proposed EAS rates. Under the law, the costs of providing EAS must be apportioned equally among the exchanges, and among customers in each exchange so that the inter-class rate relationships remain unchanged. The rates must leave affected telephone companies income-neutral.

II. COMMISSION ACTION

The Clinton/Graceville/Beardsley petition was signed by more than 15 percent of the telephone customers in each of the three exchanges. The petition conforms to the information requirements found in the school district EAS legislation.

The petition meets the first two criteria for Commission approval under the school district EAS law. First, more than ten percent of the customers in each of the three exchanges are also residents of the consolidated school district. Second, Clinton, Graceville, and Beardsley are all adjacent to one other.

The Commission will continue processing this petition to determine if it will meet the third statutory criterion: acceptance of the EAS proposal by a majority of the customers in each of the three exchanges. In order to participate in the balloting process, customers must know the additional cost of the proposed EAS service. The Commission will therefore order PTI to conduct traffic studies to calculate costs and proposed rates for school district EAS among Clinton, Graceville, and Beardsley.

The law requires that costs must be apportioned “equally among the exchanges.” The Commission will therefore require PTI to apportion total EAS additives equally among all customers in the proposed calling area. Customers in each of the three exchanges will thus pay approximately the same amount each month for access to the same local calling area. Because the three exchanges differ widely in population¹, this calculation method avoids the inequitable per/customer apportionment that would result if the total additive were divided equally in three and each exchange apportioned one-third of the total.

¹ Clinton has a population of approximately 575; Graceville has a population of approximately 670; Beardsley has a population of approximately 295.

ORDER

1. Within 90 days of the date of this Order, PTI shall file cost studies and proposed rates for school district EAS among the Clinton, Graceville, and Beardsley exchanges, as discussed in the body of this Order.

The cost studies shall provide supporting information as requested by Commission Staff and the Department, and shall be consistent with prior Commission decisions for non-metropolitan area EAS routes, including the use of a stimulation factor of three.

2. Within 60 days of the filing of PTI's cost studies and proposed rates, the Department shall file a report and recommendation.
3. Any party who wishes to respond to the Department's report and recommendation may do so within 20 days of its filing.
4. The Commission authorizes its Executive Secretary to vary the above stated deadlines if the Executive Secretary deems a variance necessary.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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